Stable Home Ownership in a Turbulent Economy:
Delinquencies and Foreclosures Remain Low in Community Land Trusts

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Abstract

The study examined mortgage delinquency and foreclosure rates among the owner-occupants of resale-restricted houses and condominiums in community land trusts (CLTs) across the United States and compared CLT results to rates of delinquency and foreclosure among the owner-occupants of conventional market-rate housing reported by the Mortgage Bankers Association's National Delinquency Survey (MBA). The study also explored practices and policies of CLTs that may help to explain their better performance.

- An electronic survey was administered to 216 CLTs in the spring of 2011, of which 96 completed the survey. The subsample used to examine delinquencies and foreclosures included 62 CLTs that had a total of 3,143 owners of resale-restricted homes with outstanding residential mortgages at the end of 2010.

- 1.30% of the mortgage loans held by CLT homeowners were seriously delinquent (defined as loans at least 90 days delinquent or in foreclosure proceedings) at the end of 2010, compared to a delinquency rate of 8.57% of mortgage loans in the conventional market reported by the MBA.

- 0.46% of the mortgage loans held by CLT homeowners were in foreclosure proceedings at the end of 2010, compared to a foreclosure rate of 4.63% reported by the MBA among the owners of market-rate homes.

- Mortgages in the CLT sample are all held by low-to-moderate income homeowners, while mortgages in the conventional market are held by owners across all incomes. Consequently, the differentials between CLT and MBA rates would have been greater if low-to-moderate income owners in the MBA sample could have been isolated for comparisons.

- While the rate of seriously delinquent mortgages reported by the MBA increased from the end of 2008 to 2009, with a slight decrease from the end of 2009 to 2010, serious delinquency rates steadily declined every year between 2008 and 2010 in mortgages held by CLT homeowners.

- While the rate of foreclosure proceedings reported by the MBA climbed every year from 2008 to the end of 2010, the foreclosure proceedings rate among CLT homeowners declined every year.

- The annual rate of *completed* foreclosures during 2010 among CLT homeowners was 0.42%, far below the foreclosure rate in the conventional market.

- 82% of CLT homeowners who were seriously delinquent during 2010 either sold their home with the assistance of the CLT or maintained home ownership throughout 2010 through the receipt of financial assistance and counseling from the CLT.

- While the affordability offered by the CLT model to low-to-moderate income households who enter home ownership helps to explain the low rates of delinquency and foreclosure in

CLTs, the stewardship activities and policies of CLTs also contribute to these superior outcomes. Many CLTs oversee loan acquisition, educate and support their homeowners during both the pre-purchase and post-purchase periods, interact and intervene with mortgage lenders, and intervene with homeowners at risk of foreclosure.

About the Author

Emily Thaden is a doctoral candidate in the Community Research & Action program at Vanderbilt University. Her work focuses on shared equity home ownership, affordable housing, community development, and action research. She is a Shared Equity Development Specialist at The Housing Fund in Nashville, TN, where she is designing and managing a new shared equity home ownership program that has 50 resale-restricted units currently in development. The Housing Fund was contracted by the National Community Land Trust Network to design, conduct, and report on *The 2011 Comprehensive CLT Survey.*

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Introduction

A record high of 3.8 million foreclosure filings occurred in 2010, meaning that one out of every 45 residential units in the United States received a notice of foreclosure proceedings. Last year's foreclosure filing rate (2.23%) was greater than the rates posted for 2007, 2008, and 2009 (respectively 1.03%, 1.84% and 2.21%). Experts acknowledge that the 2010 rate would have been even higher if foreclosure proceedings had not been temporarily suspended towards the year's end due to controversies over foreclosure documentation and procedures (RealtyTrac 2011).

While foreclosure rates at the start of the housing crisis in 2007 were predominantly explained by deregulation of the lending industry and the corresponding spike in subprime lending (Immergluck 2009), explanations of recent delinquency and foreclosure rates have pointed to the economic recession. The unemployment rate in 2010 hit a recent high of 9.6%, which was up from 9.3% in 2009 and 5.8% in 2008 (Bureau of Labor Statistics 2011).

Unemployment has disproportionately affected persons of color and low-to-moderate income households. In the middle of 2010—while overall unemployment stood at 9.6%—the unemployment rate was 16.3% for African Americans and 12% for Hispanics (Center for Economic and Policy Research 2010). According to a study that analyzed unemployment rates by income deciles in the fourth quarter of 2009, income and unemployment rates were inversely related. Low-income households in the bottom two deciles were experiencing joblessness at rates rivaling those seen during the Great Depression (Sum, Khatiwada, and Palma 2010). The study concluded that "A true labor market depression faced those in the bottom two deciles of the income distribution; a deep labor market recession prevailed among those in the middle of the distribution, and close to a full employment environment prevailed at the top " (p. 13).

In light of the unemployment rates experienced by low-to-moderate income and minority households, it is unsurprising that they have also experienced the highest rates of mortgage delinquency and foreclosure (Immergluck 2009). In addition to unemployment, these households are more likely to be negatively impacted by other factors that place them at risk of foreclosure, including higher cost burden from owning homes; the greater likelihood of having subprime or other high-cost mortgages (as their communities were targeted by the subprime lending industry); higher rates of underemployment; and greater financial vulnerability due to divorce, medical costs, and child care costs.

In particular, housing affordability has been a growing problem during the past decade, a period when the incomes of two-thirds of the nation's households have not been growing. In 2009, 19.4 million households paid more than half of their income on housing, including 9.3 million owners. While the lowest income households are most likely to be cost-burdened, *The 2011 State of the Nation's Housing* report stated that, "Households earning between $45,000 and $60,000 saw the biggest increase in the share paying more than 30 percent of their incomes for housing, up 7.9 percentage points since 2001" (Joint Center for Housing Studies (JCHS) 2011, p. 4). Steady, reliable, or growing incomes could reduce the exposure of these cost-burdened homeowners to delinquency and foreclosure, but real incomes have actually fallen for the bottom 70 percent of households, when measured from peak to peak during the last economic cycle (JCHS 2011).

Long before the boom in subprime lending, the bust in the housing market, and an increase in unemployment during the recent recession, research supported the conclusion that home ownership was tenuous and risky for many low-income and minority households. Reid (2005) conducted longitudinal analyses from 1976 to 1993 using data from a nationally representative sample (Panel Study of Income Dynamics) and found that roughly 50% of first-time, low-income and minority home buyers were no longer homeowners five years after purchase. This study highlights how prevalent early exit from home ownership has been for these households, and additional research shows that homeowners of low-cost homes must maintain ownership for 5-10 years in order to realize financial gains from their investment (Belsky & Duda 2002; Belsky, Retsinas, and Duda 2005; Goodman 1998).

Too often, the home ownership opportunities provided by the conventional market are failing to deliver positive outcomes for a large proportion of lower income and minority households. However, support is mounting for an alternative model of home ownership offered through Community Land Trusts (CLTs), which produces better outcomes, especially reductions in delinquencies and foreclosures.

A Community Land Trust is one of several resale-restricted, owner-occupied housing models, collectively known as "shared equity home ownership," which are being used in communities throughout the United States to help low- and moderate-income households attain—and *retain*—home ownership. CLTs own the land where owner-occupied homes are located. Homeowners purchase only the structural improvements, while paying a modest monthly fee to lease the underlying land from the CLT. Therefore, these homeowners are allowed to carry a significantly smaller mortgage than if they had bought both the home and land in the conventional market. At the time of purchase, a CLT's homeowners agree to resale-restrictions set out in their ground leases, which limit the future resale price of their homes in order to keep them affordable for the next generation of low-income home buyers. The CLT acts as the long-term steward for the homes *and* their newly minted owners, providing pre-purchase and post-purchase guidance, oversight, and support to preserve affordability, promote sound maintenance, prevent foreclosures, and ensure the longevity and success of the home ownership opportunity that the CLT has created.

A recent study by The Urban Institute examined seven shared equity home ownership programs—including three CLTS—and found that over 90% of the home buyers in CLT housing remained homeowners five years after purchase, much higher than the 50% success rate that has been documented for first-time, low-income home buyers in conventional, market-rate housing. The annualized rate of return for homeowners' initial investments in the seven shared equity home ownership programs was found to range from 6.5% to 59.6% (Tempkin, Theodos, and Price 2010). Furthermore, the foreclosure rates at the end of 2009 in all seven programs were below that of the surrounding areas. An earlier study conducted by the author in partnership with the National Community Land Trust Network (hereinafter, "the Network") examined a national sample of mortgages held by CLT homeowners and found rates of mortgage delinquency and foreclosure to be substantially lower than the rates reported for mortgage loans in the conventional market at the end of 2009 (Thaden 2010).

An independent study was commissioned by the Network to extend and expand the previous delinquency and foreclosure findings. This report presents the findings from this study, which covered a period ending in 2010 and collected data from a larger sample of CLTs across the United States. It also delved more deeply into the policies and practices used by CLTs to administer their home ownership programs, which may explain their low rates of delinquency and foreclosure among the owner-occupants of their resale-restricted homes.

Methods

Discussed in this section are the methods used to examine delinquencies and foreclosures among CLT homeowners, drawing on a subsample of CLTS that completed *The 2011 Comprehensive CLT Survey* (hereinafter "CLT Survey"). The CLT Survey collected a broad spectrum of data to explore the topics covered in the present report, as well as various research questions pertaining to the structural and operational dimensions of CLTs. An additional report on these latter questions will be forthcoming (see www.cltnetwork.org). Basic characteristics of the total sample for the CLT Survey are presented below. For detailed information on the total sample and on the administration and design of the survey, see Appendix A.

Participation & Administration

The CLT Survey was designed to yield a holistic picture of the current landscape of CLTs in the United States. The CLT Survey was distributed to 216 organizations with working email addresses that were listed in the directory of the Network as of March 1, 2011. These organizations share a common purpose of creating and managing an expanding portfolio of permanently affordable, resale-restricted, owner-occupied housing. Much of this housing is located on land that is leased from a community land trust, although many of the organizations included in the Network's directory also make use of deed covenants or other durable contracts in preserving the affordability of their homes. The CLT Survey was administered as an electronic link to a Portable Document Format (pdf) fillable form from March 28th-April 22nd, 2010. The survey took approximately an hour and a half to complete. Respondents were able click a "submit" button once they finished the survey, which directly downloaded to a database. Participation was promoted by raffling five $300 registrations to the Network's annual conference and five copies of *The CLT Reader* edited by John E. Davis.

Out of the 216 organizations recruited for participation, 96 organizations completed the survey, a response rate of 44% (96/216). These 96 organizations had a combined total of 3,669 resale-restricted home ownership units in their portfolios. A subsample of organizations that completed the survey was created in order to examine delinquency and foreclosure rates among those organizations that had resale-restricted home ownership units with outstanding residential mortgages as of December 31st, 2010. From the initial group of 96 organizations, one organization was excluded because its portfolio was comprised solely of cooperatively owned units without individual mortgages. Another 30 start-up organizations were excluded because they had not yet sold a resale-restricted home unit by the end of 2010. Lastly, three other organizations from the original group of 96 were excluded because they failed to complete the delinquency and foreclosure section of the survey. The final composition of the subsample included 62 organizations with a combined portfolio of 3,421 resale-restricted home ownership units. The characteristics of this subsample are described in greater detail below.

Design & Analyses

To examine delinquencies and foreclosures in the subsample, data from one section of the CLT Survey was analyzed. This section included approximately 20 questions that collected information about outstanding residential mortgage loans held by homeowners of resale-restricted home ownership units during 2010. In addition to numerical responses, several questions in this section were framed as checklists or open-ended queries, seeking clarifications or explanations of responses. Other sections of the survey collected information about practices and policies that might help to explain why many CLTs report low rates of delinquency and foreclosure.

Most of the questions in the section that pertained to outstanding mortgages were identical to those contained in surveys conducted by the Network over the past two years, allowing a multi-year comparison of delinquency and foreclosure rates among CLT homeowners during 2008, 2009, and 2010. (The following section provides more information on the samples used in these earlier studies).

Many of the questions and measures used in designing and analyzing the present survey were crafted for consistency with definitions of "outstanding mortgages," "foreclosure proceedings," and "serious delinquencies," used in the Mortgage Bankers Association National Delinquency Survey (hereinafter "MBA Survey"). This provided the basis for comparisons between delinquency and foreclosure rates among CLT homeowners and similar rates among the owners of conventional, market-rate homes.

The MBA National Delinquency Survey is one of the most widely recognized sources of information on residential mortgage delinquency and foreclosure rates. It is based on a sample of more than 44 million mortgage loans serviced by mortgage companies, commercial banks, thrifts, credit unions and others. This survey is estimated to account for approximately 80–85 percent of the 50 million loans outstanding in the market (MBA 2008). Table 1 presents definitions used by the MBA and replicated in the CLT Survey. The CLT Survey collected data on an additional measure of "completed foreclosures" and over additional timeframes, which are also presented in Table 1.

Table 1. Terms, definitions, and sources of data by timeframes for 2010.

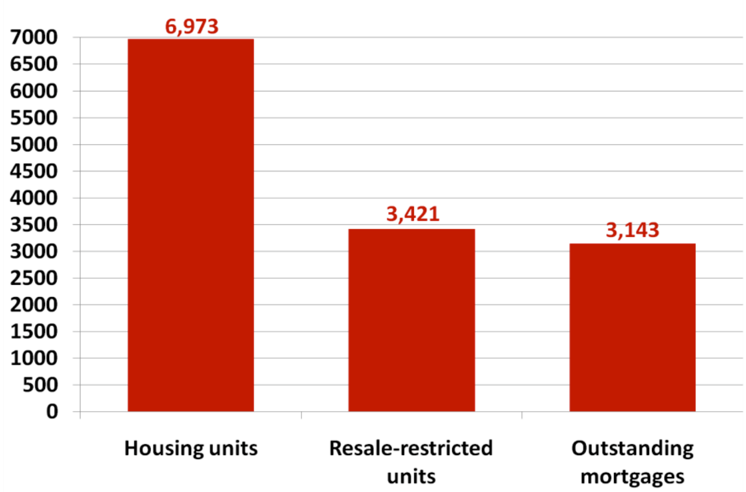
Term	Definition	CLT Establishment thru 2010	2010 Year[1]	2010 4th Quarter[2]
Outstanding Mortgages	All first mortgage loans secured by 1–4 unit residences that are serviced by participating companies (for MBA Survey) or held by CLT homeowners (for CLT Survey).			CLT MBA
Foreclosure Proceedings	The number of loans in the process of foreclosure regardless of the date the foreclosure proceedings was initiated. This excludes loans where foreclosures have been completed. The MBA terms this measure the "Foreclosure Inventory."		CLT	CLT MBA
Serious Delinquencies	The number of loans that were at least 90 days delinquent or loans that were in foreclosure proceedings		CLT	CLT MBA
Completed Foreclosures	The number of loans that resulted in completed foreclosures.	CLT	CLT	

[1] Measured as the number of loans that ever fit this description between January 1, 2009 and December 31st, 2009.
[2] Measured as the number of loans that fit this description on the last day of 4th Quarter (December 31st, 2009).

The Subsample from *The 2011 Comprehensive CLT Survey*

As shown in Figure 1, the 62 organizations that comprise the subsample had 3,421 units of resale-restricted, owner-occupied housing with outstanding mortgages in their portfolios. (Another 3,552 units of rental housing, cooperative housing, or lease-to-purchase housing were also held by these organizations, but these units were excluded from the analysis of delinquencies and foreclosures.) The range of the number of resale-restricted home ownership units in the subsample of organizations was 1 to 488 (median = 30, mean =55.18). The earliest year an organization reported selling a resale-restricted home was 1979 and the latest was 2010 (median=2003, mean=2002).

Figure 1. Total number of housing units, resale-restricted home ownership units, & outstanding mortgages on resale-restricted homes at the end of 2010 (n = 62).



Outstanding Mortgages on Resale-Restricted Homes

When these organizations were asked how many of their resale-restricted home ownership units were occupied by homeowners with outstanding residential mortgage loans as of December 31st, 2010, they reported a total of 3,143 (see Figure 1). The disparity between the number of outstanding residential mortgages and the number of resale-restricted home ownership units—a surplus of 278 units— is explained as follows: 129 units were vacant as of December 31st, 2010; 128 units did not have outstanding residential mortgages, and 21 units were older units where the organizations could not provide accurate information on the mortgage loans (i.e. missing data). Therefore, the final subsample used for analyses was 62 organizations and 3,143 outstanding residential mortgages as of December 31st, 2010 on resale-restricted homes.

The range for the number of outstanding residential mortgages on resale-restricted units in the sample of organizations was 1 to 488 (median= 24.50, mean= 50.69). Only two organizations reported 200 or more homeowners with outstanding residential mortgages at the end of 2010, accounting for 22% of the total mortgages in the subsample (n= 693). Four organizations reported between 100 and 200 homeowners with outstanding mortgages, equal to 28% of the total mortgages (n= 895). Eleven organizations reported 50 to 100 homeowners with outstanding mortgages, accounting for 26% of the subsample (n= 817). Lastly, 43 organizations reported having between 1 to 50 homeowners with outstanding mortgages, equal to 24% of the subsample (n= 738).

Geographical Spread of the Subsample

Organizations in the subsample were located in 29 states (see Table 2). The range in the number of organizations per state was 1 to 10 (median = 1, mean= 2.14). The five most frequently represented states were WA (n= 10), MA (n= 5), FL (n= 4), CA (n= 4), and MN (n= 4), together accounting for 44% of the subsample. All other states represented in the subsample had less than 4 organizations within their bounds, and 15 states had only one organization represented in the sample. The number of organizations by state and each state are presented in Table 2.

The MBA Survey divides states into eight regions: East North Central (IL, IN, MI, OH, WI); East South Central (AL, KY, MS, TN); Mid Atlantic (NJ, NY, PA); Mountain (AZ, CO, ID, MT, NM, NV, UT, WY); New England (CT, MA, ME, NH, RI, VT); Pacific (AK, CA, HI, OR, WA); South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV); West North Central (IA, KS, MN, MO, ND, NE, SD); and West South Central (AR, LA, OK, TX). At least 25% of the states in each region were represented by at least one organization in the subsample; the maximum level of state representation within any one region was 80%. The least represented areas were East South Central and West South Central while the most represented areas were East North Central and Pacific (see Table 2). Hence, the subsample comprises organizations across all regions of the United States.

Table 2 presents the serious delinquency rates at the end of 2010 for states where at least one organization in the subsample is located (MBA 2011).

Table 2. Number of CLTs by state, 4Q 2010 MBA serious delinquency rates by state, & MBA areas (n=62).

Area	State	State Ranking of Highest Serious Delinquency Rates	Serious Delinquency Rate	# of CLT's in subsample	Cumulative # of CLTs in subsample
South Atlantic	**FL**	1	19.37%	4	4
East North Central	**IL**	4	10.70%	3	7
Mountain	**AZ**	5	10.55%	2	9
Pacific	**CA**	6	9.79%	4	13
Mid Atlantic	**NY**	7	9.10%	2	15
East North Central	**OH**	8	8.95%	2	17
East North Central	**MI**	9	8.90%	1	18
South Atlantic	**GA**	11	8.54%	1	19
New England	**RI**	12	8.52%	1	20
New England	**ME**	15	8.26%	1	21
Pacific	**HI**	16	7.70%	1	22
South Atlantic	**DE**	20	7.21%	1	23
New England	**MA**	21	7.14%	5	28
East South Central	**TN**	23	6.80%	1	29
Mountain	**UT**	24	6.66%	1	30
Pacific	**WA**	25	6.55%	10	40
Mid Atlantic	**PA**	26	6.43%	1	41
Pacific	**OR**	28	6.17%	2	43
East North Central	**WI**	29	6.15%	2	45
South Atlantic	**DC**	30	6.13%	1	46
Mountain	**NM**	32	5.96%	1	47
South Atlantic	**NC**	33	5.91%	3	50
West North Central	**MN**	36	5.44%	4	54
West South Central	**TX**	39	5.08%	1	55
West North Central	**KS**	40	5.03%	1	56
Mountain	**CO**	42	4.95%	2	58
West North Central	**IA**	43	4.89%	1	59
New England	**VT**	44	4.81%	1	60
Mountain	**MT**	46	3.64%	2	62

The median seriously delinquency rate at the end of 2010 for all 50 states and the District of Columbia was 6.43% (mean = 6.97%, range = 2.12%-19.37%). For states where organizations in the subsample are located, the median seriously delinquency rate was 6.66% (mean = 7.43%, range = 3.64%-19.37%). Hence, states represented by the subsample have slightly higher rates of serious delinquencies than all U.S. states.

CLT Survey Samples by Year

In order to present multi-year longitudinal comparisons of delinquency and foreclosure rates among the mortgages held by CLT homeowners, results from previous surveys conducted by researchers and the Network are incorporated into the Results section. Depending upon which organizations participated in each survey, the samples of organizations and their outstanding mortgages on resale-restricted home ownership units varied each year. Table 3 provides information on these samples by year and by each measure.

Table 3. Samples of organizations and outstanding mortgages on resale-restricted homes and the percentages of missing mortgage data by year and measure.

Year	Sample	Total	Completed Foreclosures		Foreclosure proceedings		Serious delinquencies	
			Since Establishment	Annual	Annual	4th Quarter	Annual	4th Quarter
2010	**Organizations**	**62**	60	60	54	57	61	62
	Outstanding Mortgages	**3143**	3110	3106	2790	2816	3137	3143
	Percent Missing		*1.05%*	*1.18%*	*11.23%*	*10.40%*	*0.19%*	*0.00%*
2009	**Organizations**	**42**	41	40	40	39	40	37
	Outstanding Mortgages	**2173**	2167	2160	2075	2151	2099	2099
	Percent Missing		*0.28%*	*0.60%*	*4.51%*	*1.01%*	*3.41%*	*3.41%*
2008	**Organizations**	**50**	unknown	unknown	not measured	unknown	not measured	unknown
	Outstanding Mortgages	**1936**	1928	1928	not measured	1930	not measured	1815
	Percent Missing		*0.41%*	*0.41%*	--	*0.31%*	--	*6.25%*

The survey conducted by the Network in 2008 was not designed and analyzed by the same author who designed and analyzed the surveys for 2009 and 2010. Consequently, some data was not able to be inferred from the 2008 database, including the number of organizations that provided information for each measure. In the 2009 and 2010 surveys, additional annual measures were included. The percentage of missing data over the years may be explained by survey design variations. The 2010 CLT Survey was substantially longer and covered a larger array of topics than the 2008 and 2009 surveys; therefore, it is likely that more respondents experienced "burnout" when filling out the 2010 survey and did not provide information on all items relating to delinquencies and foreclosures.

Results

This section will first present findings on serious delinquencies and foreclosure proceedings in outstanding residential mortgages among resale-restricted homes (hereinafter "CLT loans"), as compared to delinquencies and foreclosure proceedings among the outstanding mortgages held by the owners of conventional market-rate housing according to the MBA Survey (hereinafter "MBA loans") (MBA 2009; 2010; 2011). "MBA loans" include FHA, VA, prime and subprime loans. While the CLT survey was designed to yield comparable metrics with the MBA Survey, the samples of these two surveys are not similar. The MBA sample includes loans held by homeowners across all income groups. By contrast, the CLT sample includes mortgage loans held only by low-to-moderate income households (income measured at time of purchase). There is a large body of research documenting higher rates of delinquency and foreclosure among lower income home buyers, suggesting that the differential discovered between CLT loan outcomes and MBA loan outcomes would have been even greater if low-to-moderate income loan holders could have been isolated in the MBA sample.

The organizations included in the CLT subsample (n=62) were asked to report the highest level of area median income (AMI) their CLT may serve, according to their home ownership program's eligibility policy: five could serve households with incomes greater than 120% of AMI; fifteen could serve households up to a maximum of 120% of AMI; seven could serve households up to a maximum of 100% of AMI; thirty-three could serve households up to a maximum of 80% of AMI. One organization reported having no policy establishing an upper AMI limit, and one did not respond to this question. In practice, most CLTs serve households whose incomes are well below the maximum AMI established by their policies. The study conducted by The Urban Institute found that the average AMI of households served by three CLTs in 2008 were 45%, 48%, and 52%, while the CLTs' policies on the maximum allowable household AMI were respectively 80%, no AMI limit, and 100% (Tempkin, Theodos, and Price 2010). Similarly, the mean percentage of AMI for those households who purchased homes in 2010 from CLTs in the subsample was 64% (median = 65%; minimum = 22%; maximum = 100%).

Following the review of fourth quarter results in CLT and MBA loans, additional findings on CLT loans will be presented. These will include the rates of completed foreclosure and the interventions CLTs helped to implement with seriously delinquent homeowners during 2010. Lastly, the prevalence of different policies and practices in CLTs will be presented to shed light on how they reach their positive outcomes for owners of resale-restricted homes.

CLT Loans & Conventional Market Loans

<u>During 2010</u>

Figure 2 compares rates of foreclosure proceedings and serious delinquencies among CLT mortgage loans versus those found among MBA mortgage loans at the end of 2010. Out of 2,816 CLT mortgage loans reported by 57 organizations, only 13 were in foreclosure proceedings at the end of 2010. A mortgage loan in the MBA sample was 10.0 times more likely to be in foreclosure proceedings than a mortgage held by a CLT homeowner at the end of 2010. Out of 3,143 CLT mortgage loans from all 62 organizations in the subsample, 41 were seriously delinquent at the end of 2010. A mortgage loan in the MBA sample was 6.6 times more likely to be seriously delinquent than a mortgage held by a CLT homeowner at the end of 2010.

Figure 2. End of 2010 rates of foreclosure proceedings and serious delinquencies in CLT loans and MBA loans.

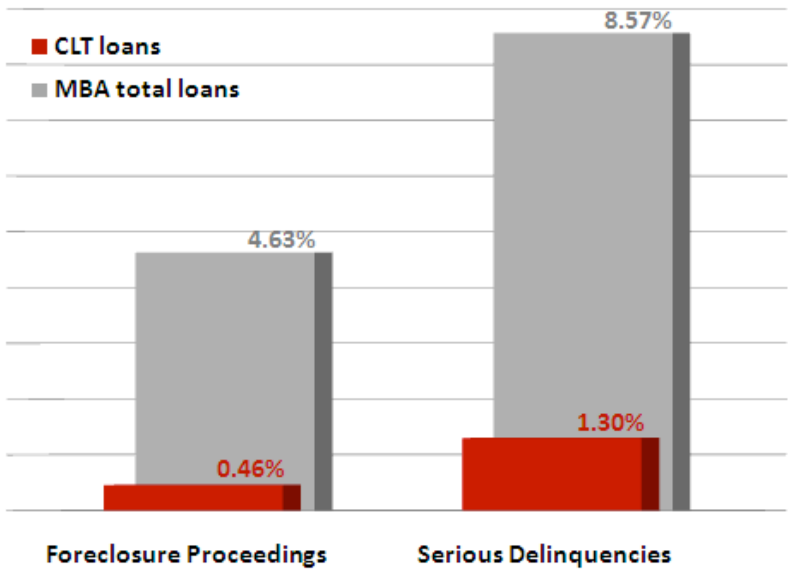
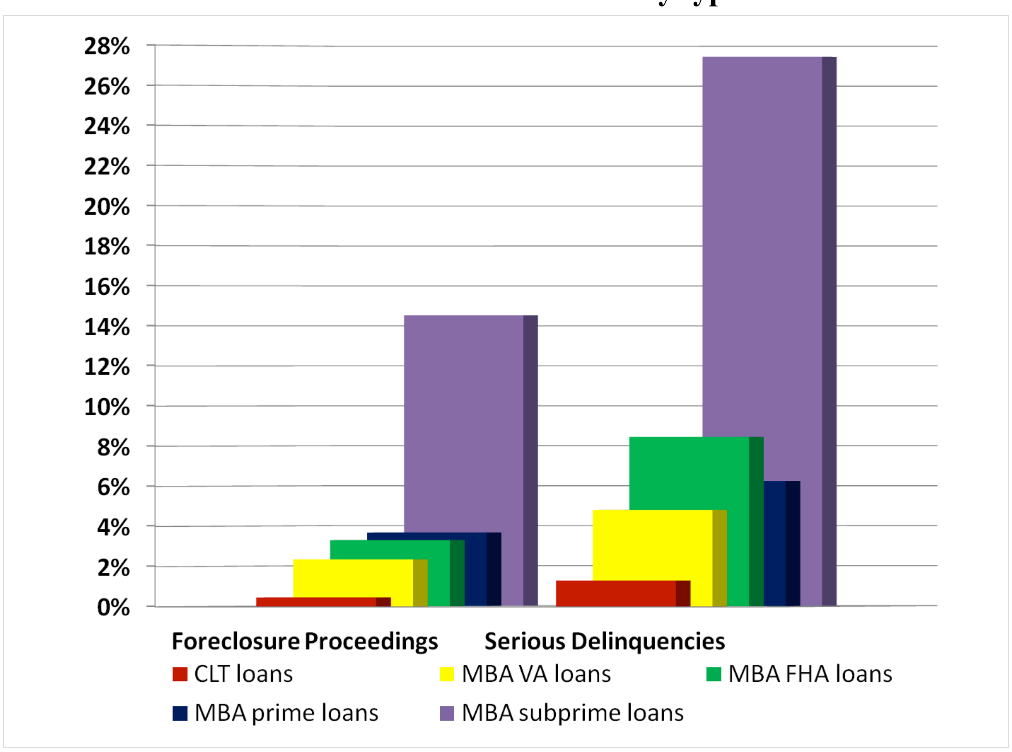


Figure 3 illustrates rates of foreclosure proceedings and serious delinquencies among CLT mortgage loans versus different mortgage loan types in the MBA sample at the end of 2010 (corresponding rates presented in Table 4 & 5). CLT mortgage loans posted substantially lower rates on both measures than prime, subprime, VA, and FHA loans in the MBA sample.

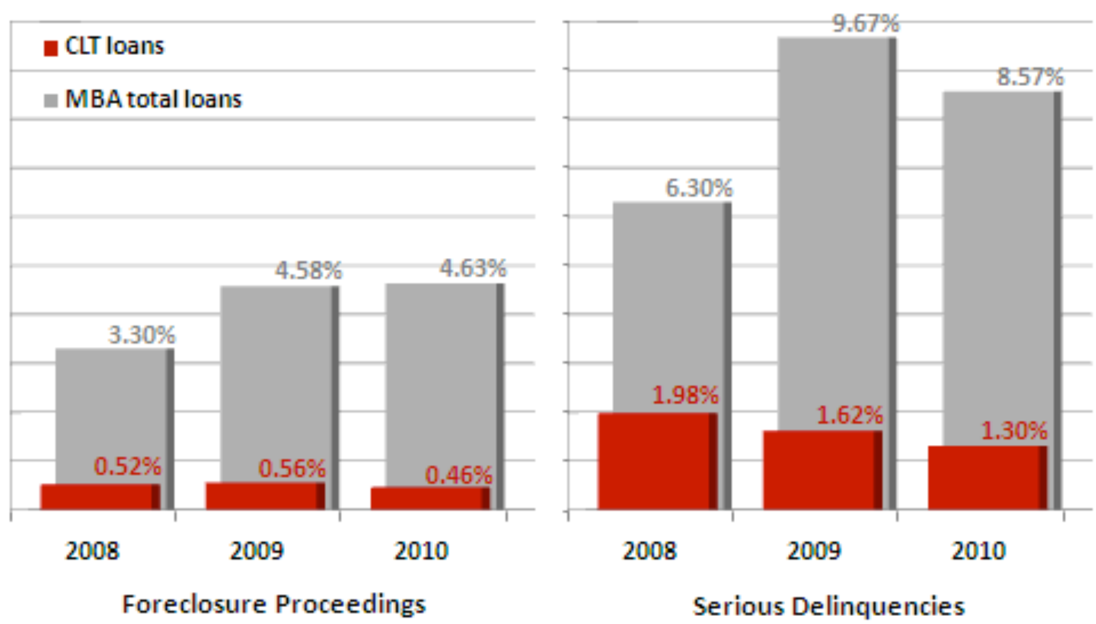
Figure 3. End of 2010 rates of foreclosure proceedings and serious delinquencies in CLT loans and MBA loans by type.



From 2008-2010

Figure 4 compares rates of foreclosure proceedings and serious delinquencies in CLT mortgage loans and MBA mortgage loans at the end of 2008, 2009, and 2010 (MBA, 2009; 2010; 2011; Thaden 2010). Consistently over the span of three years, CLT loans have posted substantially lower rates of foreclosure proceedings and serious delinquencies than MBA loans. As the graph illustrates, MBA loans in foreclosure proceedings at the end of 2010 increased five basis points from the end of 2009, while the rate in CLT loans decreased 10 basis points. The rate of serious delinquencies declined in the MBA sample 110 basis points by the end of 2010 from the end of 2009, while the rate in CLT loans decreased by 32 basis points.

Figure 4. End of 2008, 2009, & 2010 rates of foreclosure proceedings and serious delinquencies in CLT loans and MBA loans.



In MBA loans, both delinquencies and foreclosures increased substantially from the end of 2008 to the end of 2010 (133 basis points in the rates of foreclosure proceedings and 227 basis points in the rates of serious delinquencies). Both rates decreased from the end of 2008 to the end of 2010 in CLT loans (6 basis points in the rates of foreclosure proceedings and 68 basis points in the rates of serious delinquencies).

Figure 5 illustrates the rates of foreclosure proceedings at the end of 2008, 2009, and 2010 by each type of loan in the MBA sample, compared with the rate among CLT loans. (Table 4 lists the percentages that correspond to Figure 5.) Mortgages held by CLT homeowners were less likely to be in foreclosure proceedings than any type of mortgage in the MBA sample across all three years. Notably, foreclosure proceedings at the end of 2010 soared to the highest rate ever posted by the MBA. This record high was predominantly explained by the elevated rate of foreclosure proceedings among prime loans, since prime loans are most prevalent in the MBA samples.

Figure 5. End of 2008-2010 rates of foreclosure proceedings in CLT loans and MBA loans by type.

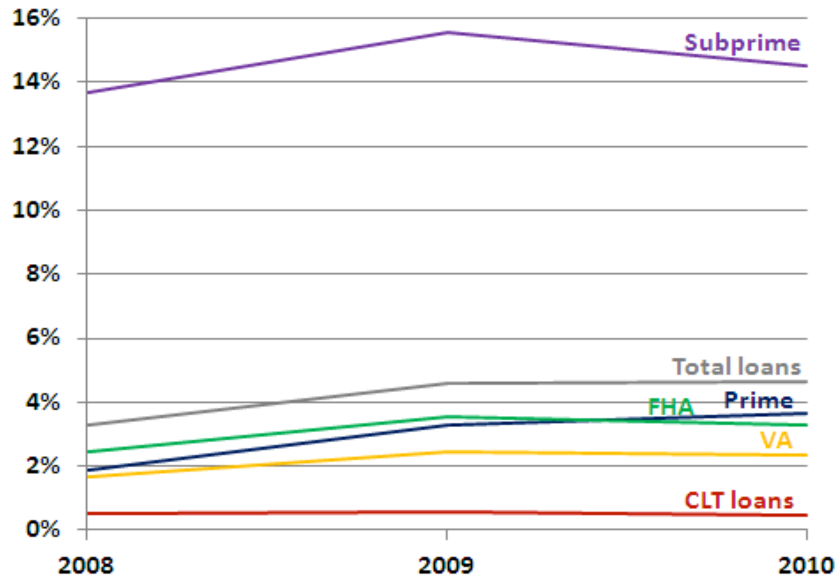


Table 4. Rates of foreclosure proceedings by loan type across three years.

Loan Type	Rates of Foreclosure Proceedings				
	2008	2009	2010	*Basis Point Change 2008-2009*	*Basis Point Change 2009-2010*
MBA prime loans	1.88%	3.31%	3.67%	*143*	*36*
MBA subprime loans	13.71%	15.58%	14.53%	*187*	*-105*
MBA FHA loans	2.43%	3.57%	3.30%	*114*	*-27*
MBA VA loans	1.66%	2.46%	2.35%	*80*	*-11*
MBA total loans	**3.30%**	**4.58%**	**4.63%**	***128***	***5***
CLT loans	**0.52%**	**0.56%**	**0.46%**	***4***	***-10***

Figure 6 illustrates rates of serious delinquencies at the end of 2008, 2009, and 2010 by each type of mortgage loan in the MBA sample, compared with the rate among CLT mortgages. Table 5 provides the numbers that correspond to Figure 6. Mortgages held by CLT homeowners were less likely to be seriously delinquent than any type of mortgage in the MBA sample across all three years. The percentage of serious delinquencies among CLT mortgages declined each year by nearly one fifth. After a significant increase in the rates of serious delinquencies across all loan types in the MBA sample from 2008 to 2009, they turned the corner and slightly decreased from 2009 to 2010; the overall rate within the MBA sample went down by approximately a tenth from 2009 to 2010.

Figure 6. End of 2008- 2010 rates of serious delinquencies in CLT loans and MBA loans by type.

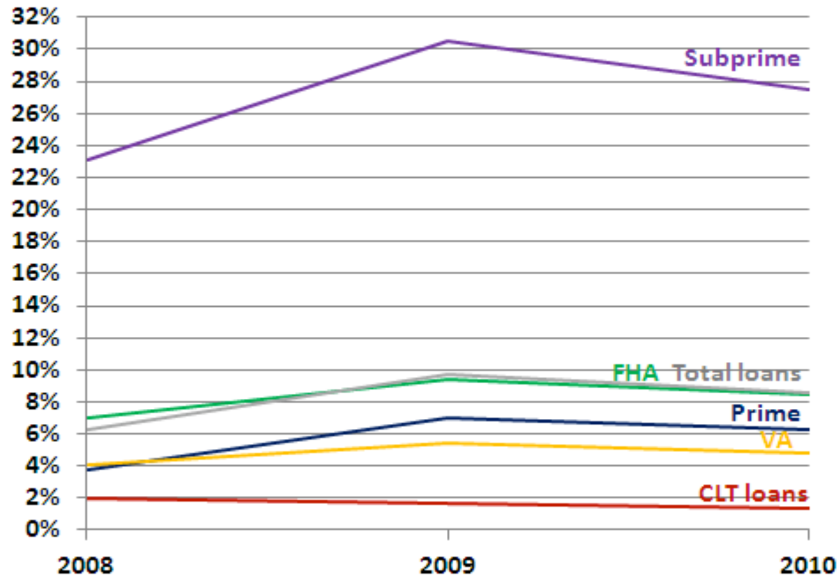


Table 5. Rates of serious delinquencies by loan type across years.

Loan Type	Rates of Serious Delinquencies				
	2008	2009	2010	*Basis Pont Change 2008-2009*	*Basis Point Change 2009-2010*
MBA prime loans	3.74%	7.01%	6.25%	*327*	*-76*
MBA subprime loans	23.11%	30.56%	27.46%	*745*	*-310*
MBA FHA loans	6.98%	9.42%	8.46%	*244*	*-96*
MBA VA loans	4.12%	5.42%	4.82%	*130*	*-60*
MBA total loans	**6.30%**	**9.67%**	**8.57%**	***337***	***-110***
CLT loans	**1.98%**	**1.62%**	**1.30%**	***-36***	***-32***

Additional Findings on the Performance of CLT Mortgages

Completed Foreclosures Since a CLT's Incorporation

The 2011 CLT Survey asked how many completed foreclosures occurred among resale-restricted home ownership units from the year of each organization's incorporation until the end of 2010. The year of incorporation within the subsample of CLTs with outstanding mortgages ranged from 1958 to 2008 (mean = 1996; median = 1999). Sixty organizations, collectively holding 3, 110 outstanding residential mortgages at the end of 2010, responded to this question; they reported a combined total of 45 homes that had ever completed the foreclosure process.

Property Lost from a CLT's Portfolio Because of Foreclosure

When a lender in the first mortgage position forecloses on a home owned by a resale-restricted homeowner, CLTs typically have the right of first offer or first refusal to reacquire the foreclosed home from the lender. Furthermore, most CLTs do not allow their homeowners to mortgage the underlying land. A lender who takes possession of a CLT home through foreclosure, therefore, does not typically take possession of the land as well, giving the CLT considerable leverage in negotiating the future disposition of any foreclosed home. Despite 45 completed foreclosures over the entire history of the organizations included in the subsample, there were only five instances where a foreclosure resulted in a home being lost from a CLT's portfolio of permanently affordable, resale-restricted, owner-occupied housing.

Foreclosure and Delinquency Rates Over Three-year Period, 2008-2010

While the previous section reported delinquency and foreclosure metrics for the fourth quarter of each year in CLT and MBA loans, the CLT surveys also asked respondents about the number of completed foreclosures and the number of loans that were in foreclosure proceedings or seriously delinquent at any time during the calendar year. Table 6 presents these findings. Annual rates were calculated using the number of outstanding residential mortgages at the end of 2010 as the denominator (which does not exactly measure the total number of outstanding residential mortgages throughout the year). As illustrated in Table 6, annual rates of foreclosure proceedings and serious delinquencies declined from 2009 to 2010, while the annual rate of completed foreclosures rose from 2008 to 2009 and remained steady from 2009 to 2010.

Table 6. Three-year measures of delinquencies and foreclosures among CLT mortgages, 2008-2010.

Annual Measures	2008			2009			2010		
	#	Total	%	#	Total	%	#	Total	%
Serious Delinquencies	--	--	--	58	2099	2.80%	66	3137	2.10%
Foreclosure Proceedings	--	--	--	18	2075	0.87%	22	2790	0.79%
Completed Foreclosures	5	1928	0.26%	9	2160	0.42%	13	3106	0.42%

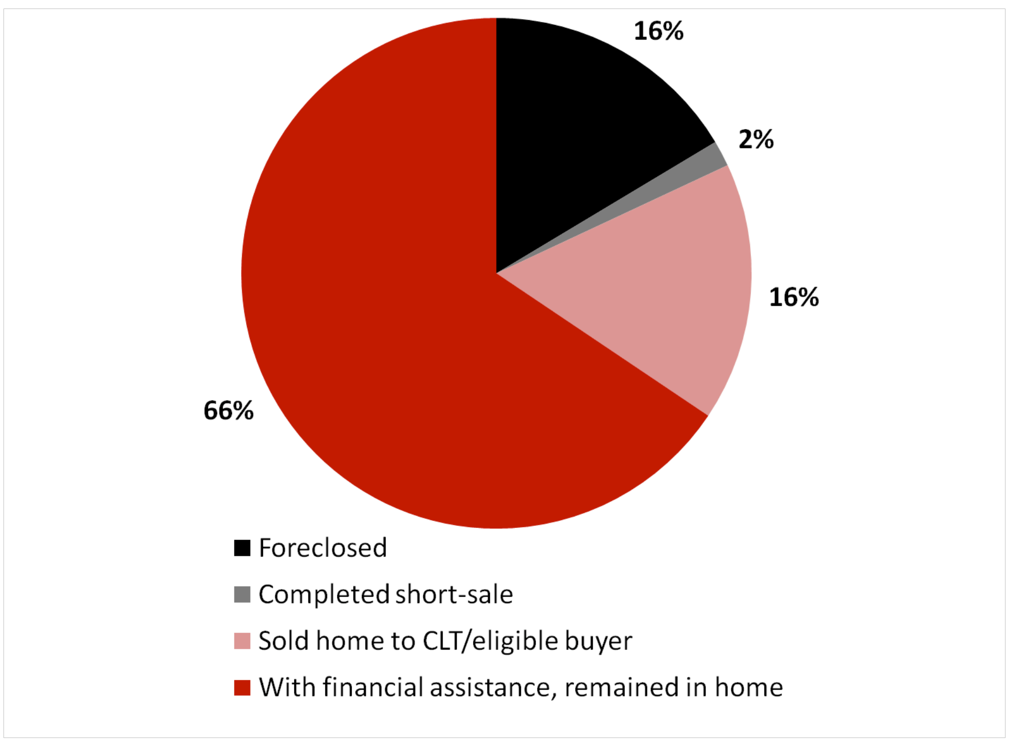
The 2010 annual rate of completed foreclosures among CLT mortgages was 0.42%. To provide a relevant comparison to the market, data from *The OCC and OTS Mortgage Metrics Report* were used (Office of the Comptroller of the Currency & Office of Thrift Supervision 2011). This report captures information on first-lien residential mortgages serviced by selected national banks and federally regulated thrifts. The mortgages in this portfolio comprise 63% of all mortgages outstanding in the United States. It reports on the number of mortgage loans serviced and the number of completed foreclosures by quarter. In order to create a metric similar to the CLT Survey's annual foreclosure rate, the number of completed foreclosures across 2010 quarters were totaled and divided by the number of loans serviced in the fourth quarter of 2010 (replicating how the rate was calculated in the CLT data). Based on this analysis, the annual rate of completed foreclosure was 1.85% among mortgages for conventional market-rate homes, according to the data provided by OCC and OTS. By this metric, the rate of completed foreclosures among CLT mortgages was substantially lower.

Respondents to the CLT Survey were asked to "Check all that apply" from a list of factors they believed to have contributed to the foreclosures their homeowners experienced during 2010. Six reported that homeowners were unwilling to work with their organization to prevent the foreclosure; three reported that the lender or servicer did not notify them of the delinquency or foreclosure proceeding in a timely fashion to enable intervention; three reported that the homeowner's financial situation had permanently changed, rendering home ownership impossible to sustain; and two reported that the homeowner's financial situation had temporarily changed, but the CLT did not have enough resources to help the homeowner pay the mortgage. Of the thirteen completed forecloses that occurred in 2010, only one resulted in the loss of a resale-restricted home from a CLT's portfolio.

<u>Intervention & Outcomes of 2010 Seriously Delinquent Homeowners</u>

At any point in time during 2010, 66 homeowners were seriously delinquent (31 organizations had anywhere from 1 to 7 serious delinquencies). Twenty-nine organizations provided additional information on the outcomes of 61 of these seriously delinquent homeowners: 40 homeowners (66%) remained in their homes at the end of 2010 despite being seriously delinquent, and 21 homeowners (34%) were no longer in their resale-restricted homes by the end of 2010 (see Figure 7).

Figure 7. Outcomes of homeowners who were seriously delinquent during 2010 (n =61).



For the 21 seriously delinquent homeowners who did *not* remain in their homes at the end of 2010, respondents were asked to categorize how each exited home ownership:

- ten completed foreclosure;
- one completed a short sale;
- four sold their home to an income-eligible buyer; and
- six sold their home back to the organization.

For the 40 seriously delinquent homeowners who managed to stay in their homes through the end of 2010, respondents reported providing direct or indirect assistance to promote better outcomes than foreclosure. This type of assistance is a part of the stewardship services that CLTs typically provide (see next section). Respondents were asked to report on the different types of assistance offered to seriously delinquent homeowners during 2010:

- seven homeowners' received funds from the organization or another source to bring the mortgage current;
- one homeowner had his/her lease fee payments suspended to lessen monthly bills;
- eight homeowners received help to complete permanent loan modifications;
- eight homeowners received help to complete temporary loan modifications; and
- fifteen homeowners received assistance to complete other financial workouts (e.g. federal programs that provide assistance to households threatened by foreclosure).

One homeowner refused any form of assistance. Twenty-three of these seriously delinquent homeowners received foreclosure prevention counseling in addition to the aforementioned financial assistance.

To summarize, out of the 61 CLT homeowners who were seriously delinquent, ten foreclosures and one short sale occurred in 2010. The remaining 50 delinquent homeowners were able to avoid foreclosure by selling their homes with the support of their stewarding organization, or they maintained home ownership through the end of 2010 with the financial assistance and counseling of their stewarding organization.

Successful intervention with homeowners at-risk of foreclosure may be facilitated by the rapport that some CLTs appear to maintain with their homeowners. One third of the organizations with seriously delinquent homeowners in 2010 reported that 50-100% of these owners contacted the organization on their own volition to seek assistance. One third reported that 20-50% of these homeowners contacted them, while the remaining one third acknowledged that less than 5% of their seriously delinquent homeowners reached out to them for help. Regardless of whether the homeowner initiated contact with the CLT, the CLTs identified delinquent homeowners and initiated foreclosure prevention activities as part of their stewardship practices (see next section for more information).

While it is not possible to make direct comparisons to measures in the market, some statistics may be derived from *The OCC and OTS Mortgage Metrics Report* (hereinafter "the OCC and OTS report") that shed light on how the conventional market is performing on home retention when the owners of market-rate homes become delinquent in meeting monthly mortgage payments. This report provides information on “home retention actions,” defined as “loan modifications, in which servicers modify one or more mortgage contract terms; trial-period plans, in which the loans will be converted to modifications upon successful underwriting and completion of the trial periods; and payment plans, in which no terms are contractually modified, but borrowers are given time to catch up on missed payments. All of these actions assist the borrower to become current on the loan, attain payment sustainability, and retain the home” (2011, p.19).

Using numbers from the OCC and OTS report, a measure of “serious delinquencies” (mortgages at least 90 days delinquent or in foreclosure proceedings) was calculated for the fourth quarter of 2010, totaling 2,333,720 seriously delinquent loans. Next, loan modifications were isolated from other home retention activities in the OCC and OTS report, yielding a total of 208,696 modifications for the fourth quarter of 2010. A *quarterly* rate for loan modifications was then calculated using the same metric for the denominator as was used to calculate serious delinquencies for the CLT mortgages. Among the owners of market-rate homes, 9% of seriously delinquent mortgage loans were modified in the fourth quarter of 2010. Among owners of the resale-restricted homes included in the CLT Survey, the *annual* rate of loan modifications for seriously delinquent homeowners was 26% (16/61).

Using the same denominator and the total number of home retention actions completed in the fourth quarter of 2010 as the numerator, the *quarterly* rate for home retention actions among market-rate homeowners was 20% (473,415/2,333,720), based on data from the OCC and OTS report. In CLTs, home retention actions included a broader array of activities; the *annual* rate of home retention actions for seriously delinquent homeowners in CLTs was 64% (39/61).

Important caveats must be made on this attempt to create metrics for home retention activities from the OCC and OTS data that are comparable to the metrics developed from the CLT Survey. First, the OCC and OTS sample does not allow for any estimate of the *annual* rates of loan modifications or home retention activities. Second, home retention actions may be occurring on loans that are less than 90 days delinquent in the OCC and OTS loan pool; therefore, the rates presented in the OCC and OTS data are likely to be overestimations for seriously delinquent loans. The CLT numbers for home retention actions and loan modifications were those occurring only with seriously delinquent homeowners, so they are more accurate. Lastly, it should be pointed out that home retention *activities* do not always result in a delinquency being *cured*, regardless of whether a homeowner is in market-rate housing or CLT housing.

Even though rigorous comparisons are not possible, these findings from the CLT Survey do suggest that CLTs may be more successful than their counterparts in the conventional market in curing or mitigating the impact of mortgage delinquency. These findings suggest that stewardship services performed by CLTs are contributing significantly to this success. Nevertheless, additional data are necessary to evaluate these differences and draw empirical conclusions about the relative cure rates in CLT housing versus cure rates in market-rate housing.

CLT Stewardship Practices that Promote Positive Outcomes

While the previous section reviewed the interventions performed by CLTs during 2010 when confronted with seriously delinquent homeowners (albeit relatively few), this section will review information from the survey on the overall prevalence of various stewardship policies and practices that the CLTs had in place as of December 31st, 2010. What sets the community land trust apart from other shared equity home ownership models and affordable housing programs is their steadfast commitment to the stewardship of their homeowners. A recent study supports the claim that stewardship is a forte of CLTs and enables their homeowners to succeed at maintaining home ownership (Thaden & Davis 2010).

The policies and practices reviewed below do not provide an exhaustive list of stewardship activities (additional information will be available in a future report on *The 2011 Comprehensive CLT Survey*). It focuses only on those activities that may prevent homeowners from becoming delinquent and prevent delinquency from leading to foreclosure. This section is organized according to five types of stewardship conducted by CLTs: (1) approval of home financing; (2) pre-purchase and post-purchase education of prospective home buyers; (3) interaction with mortgage lenders; (4) intervention in delinquencies; and (5) intervention in foreclosures The results shed light on how delinquencies and foreclosures are prevented in CLT homeowners. Table 7 summarizes the prevalence of various policies and practices in ascending order under each type of stewardship.

Table 7. Percentages of CLTs with various stewardship policies or practices.

Type of Stewardship	Percentage of CLTs With Each Policy or Practice	
Approval of Home Financing	84%	Have right to review and approve first mortgages before purchase
	82%	Have right to approve or reject home equity lines of credit
	74%	Have right to approve or reject refinancing loans
Pre-purchase and Post-purchase Education	98%	Require CLT-specific education
	96%	Require general home buyer education
	42%	Provide ongoing financial literacy
	42%	Communicate program policies overtime
	42%	Staff position for outreach
	37%	Ongoing education or events
	26%	Have one-on-one interaction at least annually
	6%	Offer savings programs
Interaction with Mortgage Lenders	53%	Contact lender if homeowner defaults
	44%	Require lenders to contact them about 30 or 60 day delinquencies
	44%	Have legal right to communicate directly with lender
	31%	Require lenders to send all homeowner notifications to CLT
Intervention in Delinquencies	79%	Provide or refer delinquent homeowners to foreclosure prevention counseling
	73%	Able to make mortgage payment current on homeowners behalf
	66%	Provide or refer delinquent homeowners to financial counseling
	58%	Able to help the owner sell the home to an income-eligible buyer
	42%	Require a meeting with the homeowner if a mortgage default occurs
	39%	Able to re-purchase the home themselves in order to prevent foreclosure
	19%	Able to provide emergency or rescue funds to the homeowner to help them become current on their mortgage
Intervention in Foreclosures	89%	Have the right of first offer and first refusal when a foreclosure has occurred
	58%	Have right to increase monthly ground lease fee

Approval of Home Financing

A core protection of the CLT home ownership model is to ensure that home buyers obtain sound, affordable mortgages when purchasing their homes and do not obtain unsound, unpayable loans or disadvantageously refinance during their tenure. A large majority of the CLTs surveyed have a contractual right to oversee the financing of their resale-restricted homes: 84% had the right to review and approve first mortgages before purchase; 74% had the right to approve or reject refinancing loans, and 82% had the right to approve or reject home equity lines of credit.

Pre-purchase and Post-purchase Education

Pre-purchase education of prospective home buyers, along with detailed disclosure of the special conditions and restrictions that come with owning a CLT home, has long been required by most CLTs. General home buyer education (e.g. a NeighborWorks or HUD home buyer counseling course) was required by 96% of the CLTs surveyed, with 25% of the respondents providing this education themselves. Home buyer education specific to owning a resale-restricted CLT home was required by 98% of CLTs, with most (90%) of the respondents providing this education themselves.

Ongoing support and education through post-purchase stewardship is conducted by CLTs to proactively promote the success of their homeowners. Some of the post-purchase practices reported by CLTs included ongoing financial literacy education (42%), formal communication with owners over time about the program's policies (42%), a staffed position to conduct homeowner outreach (42%), annual or more frequent one-on-one interactions with homeowners (26%), ongoing home ownership education classes or events (37%), and homeowner savings programs (6%).

Interaction with Mortgage Lenders

In order to identify homeowners at risk for serious delinquency, some CLTs have instituted the legal right to maintain direct correspondence with the lender. Some lenders are not willing to legally agree to this obligation as it places responsibility on them to communicate with an additional party, which deviates from standard practices in the conventional market. Nevertheless, 44% of CLTs reported that mortgage lenders are required to notify the CLT when a homeowner becomes 30 or 60 days delinquent. The same percentage reported they had the legal right to communicate directly with the mortgage lender, and 53% reported that they contact the lender if a homeowner defaults, regardless of whether this communication is built into the CLT's contractual rights. Additionally, 31% of CLTs reported that their first mortgage lenders are required to send the CLT any notifications that they send to the homeowner. Such notifications provide an early warning to the CLTs that intervention with a troubled homeowner may be needed, but some CLTs reported that lenders failed to communicate with them, even when contractually obligated to do so. Part of this failure may result from lenders not servicing the loans they originate to home buyers.

Intervention in Delinquencies

When owners of CLT homes become delinquent on their mortgages, many CLTs have policies and practices in place to intervene so foreclosures may be prevented: 79% reported that they provide or refer delinquent homeowners to foreclosure prevention counseling, 66% provide or refer delinquent homeowners to financial counseling (which may also happen before a homeowner ever becomes delinquent), and 42% reported that they require a meeting with the homeowner if a mortgage default occurs. Additionally, 19% of respondents reported that they are ready to provide emergency or rescue funds to the homeowner to help them become current on their mortgage.

If home ownership proves unsustainable for the delinquent owner, then 58% of the CLTs reported that they would help the homeowner sell the home directly to another income-eligible buyer and 39% reported they would re-purchase the home themselves in order to prevent foreclosure. Another intervention that multiple CLTs mentioned in open-ended comments was that they may suspend collection of their monthly ground lease fees to lessen the homeowner's expenses and to make it easier for the homeowner to cure the mortgage delinquency.

When CLTs evaluate that a delinquent homeowner may be able to maintain home ownership with some financial assistance, CLTs may cure the delinquency on behalf of the homeowner. While this action takes resources and may not be feasible for the organization, 73% of CLTs reported that they have the legal right to pay the outstanding mortgage amount to the lender. Enacting this right can be crucial for preserving the resale-restricted home rather than losing it through the process of foreclosure.

Intervention in Foreclosures

When a completed foreclosure or deed-in-lieu of foreclosure occurs for a homeowner, the CLT has a vested interest in keeping the resale-restricted home in its portfolio. Most CLTs (89%) reported that they legally have the right of first offer and first refusal when a foreclosure has occurred; that is, they have the first opportunity to purchase the home from the first mortgagee or the right to match an offer made by another party to purchase the home. For CLTs that use a ground lease to impose use and resale restrictions on homes located on a CLT's land, they often have an additional recourse that incentivizes the lender to sell a foreclosed home to the CLT: the CLT may increase the ground lease fee if resale restrictions are removed, as they usually are in a foreclosure situation. Respondents reported that 58% of them had the right to increase their ground lease fee if a foreclosed home on their land is no longer a part of the CLT's portfolio of permanently affordable housing.

All of these rights, policies, and practices, comprising the typical stewardship program of a CLT, contribute to the success of their homeowners in avoiding delinquency, avoiding foreclosure, and maintaining the home ownership opportunity they have been given through the CLT. These stewardship activities require staffing and financial resources. With more lower-income homeowners facing difficult financial circumstances due to the economic recession, CLTs have needed to provide more intensive stewardship for these owners. Unsurprisingly, 45% of CLTs reported that they have devoted an increasing amount of staff time since 2008 to post-purchase stewardship activities that addressed mortgage delinquencies and foreclosure prevention; 42% reported the same staff time had been allocated; and 13% reported that less staff time had been allocated, which could be a function of inadequate organizational resources or simply a lack of need for such services within their pool of homeowners.

Conclusion

This study found that low-to-moderate income homeowners of resale-restricted homes with outstanding mortgages at the end of 2010 were substantially less likely to be seriously delinquent or to be in the midst of foreclosure proceedings than homeowners across all income levels with conventional mortgages. Furthermore, the annual rate of completed foreclosures among the owners of resale-restricted CLT homes was very low relative to the conventional market. Similar disparities—with the CLT sector consistently outperforming the market sector—have been found over a three-year span, from the end of 2008 to the end of 2010.

For a large majority of homeowners in CLTs who were seriously delinquent during 2010, stewardship arrested the slide toward foreclosure. While more research is needed to rigorously compare CLT interventions to conventional market interventions, CLTs were found to activate a wider array of strategies to promote better outcomes for homeowners than foreclosure (e.g. grants or loans to cure delinquency, monthly lease fee forgiveness, permanent and temporary loan modifications, financial counseling, resale of homes). The result was that four out of five seriously delinquent homeowners were able to keep their homes through 2010 or sell their homes back to the CLT or an income-eligible buyer, avoiding injuries to their credit and other costs incurred from deed-in-lieu of foreclosure or foreclosure.

While low-to-moderate income and minority homeowners in CLTs have not been spared from the impact of the economic recession, the protections and stewardship services offered by CLTs seems to have buffered the extent to which the recession has negatively impacted these residents' financial investments in home ownership. After all, low-to-moderate income homeowners are unable to build wealth from home ownership during housing market downturns unless they sustain home ownership and pay down the principal on their mortgage loans. Since so few homeowners in CLTs experience serious delinquency or foreclosure, their likelihood for sustaining home ownership and building wealth is far better than their counterparts in the conventional market, even if the accumulation of value is limited by restrictions that maintain affordability of homes for future buyers.

Empirical research on the CLT model continues to find that this form of home ownership is providing better outcomes for lower income households than the conventional market, especially during a time of housing market downturn and economic recession. The creation of resale-restricted homes in a CLT (or in any other form of shared equity home ownership) requires an initial subsidy of public funds. It may also require some on-going public support for those stewardship activities that have proven so effective in reducing delinquencies and preventing foreclosures. CLTs are not only enabling entry into home ownership by lower income and minority households; they are also protecting the home ownership and wealth building opportunities that they and their public-sector partners have worked so hard to create. In the world of CLTs, attaining home ownership is perceived as only half the battle; home ownership must be *sustained* for a CLT to consider its program a success. The low rates of delinquency and foreclosure found by this study during a time of economic turmoil highlights such success, suggesting that greater public support of CLT projects and programs is warranted.

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Appendix A. Survey & Sample

The Survey

The 2011 Comprehensive Community Land Trust Survey (hereinafter "CLT Survey") aimed to holistically capture the current landscape of CLTs in the United States. The CLT Survey was administered to U.S. community land trusts or shared equity home ownership programs (collectively referred to as "CLTs") included the National Community Land Trusts directory as of March 1, 2011 that had working e-mail addresses (n=216). Shared equity home ownership programs that do not use a ground lease to preserve affordability (and are, therefore, not technically CLTs) are included in the directory if they have elected to become a member of the Network and subscribe to the CLT model in terms of affordability and stewardship practices. CLTs included in the directory are all known CLTs in the U.S.; they may or may not be members of the Network. The directory included an additional 30 organizations that did not have electronic communication or working e-mails, which were removed from the database prior to recruitment. Out of the 216 organizations recruited for participation, 96 organizations submitted a survey, a response rate of 44% (96/216).

The survey was comprised of eight sections: 1. Preliminary Information (i.e. contact information), 2. Your Organization & Home ownership Program, 3. Your Resale Controls: Policies & Practices, 4. Sources of Funding, 5. Your Organization's Portfolio, 6. First Mortgage Loans, 7. Delinquencies & Foreclosures, and 8. Characteristics of Current Homeowners. The majority of the questions were close-ended, including checklists and best-answer selection. Open-ended questions were predominantly seeking numeric values (e.g. number of units) or concrete textual responses (e.g. names of lenders), while a minority of questions sought comments to clarify or supplement responses.

Using Adobe X Pro, the survey was administered as an electronic link to a fillable form that could be incrementally saved and returned to for completion from March 28th-April 22nd, 2010. The instructions, survey, and general feedback was presented in a 25-page fillable Portable Document Format (pdf) with approximately 110 questions that included up to 413 fillable fields depending on whether questions were applicable to the respondent. Piloting revealed that the survey took approximately an hour and a half to complete. Respondents were able click a "submit" button once they finished the survey, which directly downloaded data to a database, minimizing data entry errors. Biweekly e-mails were sent to the recruitment sample to advance participation and offer alternative methods for administration (hand-written responses) and submission (scanning and e-mail or postal mail). Participation was promoted by raffling five $300 registrations to the Annual National Community Land Trust Network conference and an additional five copies of *The CLT Reader* edited by John E. Davis.

Geographical Spread of the Sample

The participating organizations were located in 35 states. The range of the number of organizations per state was 1 to 15 (median= 1, mean= 2.74). The states most frequently represented in the sample of organizations were WA (n= 15), FL (n= 8), CA (n= 8), MA (n= 6), NY (n= 5), MN (n= 5), and MT (n= 5), which accounted for 54.17% of the total sample. All other states were represented by no more than four organizations in the sample, and 18 states were represented by only one organization. The number of organizations by state and the percentage of the sample located in each state are presented in Table A1.

The Mortgage Bankers Association National Delinquency Survey (hereinafter "MBA Survey") divides states into eight areas: East North Central (IL, IN, MI, OH, WI); East South Central (AL, KY, MS, TN); Mid Atlantic (NJ, NY, PA); Mountain (AZ, CO, ID, MT, NM, NV, UT, WY); New England (CT, MA, ME, NH, RI, VT); Pacific (AK, CA, HI, OR, WA); South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV); West North Central (IA, KS, MN, MO, ND, NE, SD); and West South Central (AR, LA, OK, TX). Every area had at least 50% of the states that comprise the area represented in the sample by at least one organization, and the maximum level of state representation within any one area was 80%. The least represented areas were East South Central and North South Central while the most represented area was East North Central (see Table A1). Hence, the sample comprises organizations across all areas of the United States.

Table A1. Number and percentage of CLTs by state and MBA area (n= 96).

States	# of CLTS in sample	% of Sample	MBA Area
AL	1	1.0%	East South Central
AZ	2	2.1%	Mountain
CA	8	8.3%	Pacific
CO	3	3.1%	Mountain
DC	1	1.0%	South Atlantic
DE	1	1.0%	South Atlantic
FL	8	8.3%	South Atlantic
GA	3	3.1%	South Atlantic
HI	1	1.0%	Pacific
IA	1	1.0%	West North Central
ID	1	1.0%	Mountain
IL	3	3.1%	East North Central
KS	1	1.0%	West North Central
LA	1	1.0%	West South Central
MA	6	6.3%	New England
ME	1	1.0%	New England
MI	1	1.0%	East North Central
MN	5	5.2%	West North Central
MO	1	1.0%	West North Central
MT	5	5.2%	Mountain
NC	4	4.2%	South Atlantic
ND	1	1.0%	West North Central
NM	1	1.0%	Mountain

NY	5	5.2%	Mid Atlantic
OH	2	2.1%	East North Central
OR	3	3.1%	Pacific
PA	2	2.1%	Mid Atlantic
RI	1	1.0%	New England
TN	2	2.1%	East South Central
TX	1	1.0%	West South Central
UT	1	1.0%	Mountain
VA	1	1.0%	South Atlantic
VT	1	1.0%	New England
WA	15	15.6%	Pacific
WI	2	2.1%	East North Central

Organizational Characteristics

Some CLTs are located within broader organizations, others are CLTs that stand alone as their own organization, and some are CLT programs (referred to as "resale-restricted home ownership programs) that have yet to establish their organizational designations. The oldest organization in the sample was established in 1958, the youngest in 2010, where the median was 2001 and the average was 1998 (14 organizations did not provide this information). Respondents were also asked when their resale-restricted home ownership programs were established (since these could be different from the organization), the oldest home ownership program was established in 1974 and the youngest in 2011 (median = 2001; average = 2003; 11 did not provide information).

The service areas for 68 of the organizations in the sample were as follows: one or more neighborhoods (n=17), the city (n=17), the county (n=30), the MSA (n=8), more than one county including smaller and larger areas than the MSA (n=19), and the state (n=4). Respondents were asked about the service area for their resale-restricted home ownership programs to see whether they differed from the organization. Only three respondents reported smaller service areas for their resale-restricted home ownership programs.

Table A2 presents the designations and affiliations of responding organizations (organizations were asked to check all that apply).

Table A2. Organizational designations and affiliations (n=96).

Designations or Affiliations	# of Organizations	% of Organizations
Community Land Trust (CLT)	92	95.8%
Tax exempt nonprofit with a 501(c)(3) designation	87	90.6%
Community Housing Development Organization (CHDO)	42	43.8%
Community Development Corporation (CDC)	19	19.8%
Other	10	10.4%
NeighborWorks organization (NWO)	4	4.2%
Local Initiatives Support Coalition (LISC) affiliate	3	3.1%
Community Development Financial Inst. (CDFI)	2	2.1%
Department or agency of municipal government	2	2.1%
Public housing authority	2	2.1%
Habitat for Humanity affiliate	1	1.0%
State Housing Authority/Agency	0	0.0%

Ten organizations indicated "other," which they explained in a follow-up question: half were start-ups currently located or being supported by a government agency and half were working to be designated as non-profits or CHDOs.

Organizational Portfolios

At the end of 2010, the sample of organizations had 9,543 residential housing units within their portfolios, which are presented by housing type in Table A3.

Table A3. Organizational portfolios of residential units & unit additions during 2010 (n=96).

Housing Type	Total # of Units	Range of # of Units per Org	# Added in 2010
Home ownership units with resale-restrictions	3,669	0-488	405
Home ownership units without resale-restrictions	273	0-150	7
Cooperative units	156	0-58	0
Lease-purchase units	54	0-19	6
Rental Units	5,391	0-1,449	222
Total	***9,543***	***0-1,995***	***640***

In addition to residential units, 13 organizations reported having 96 commercial spaces within their portfolios. When respondents were asked what organizations lease these spaces, responses included office space for the organizations, other non-profits, and small or local businesses (e.g. homeless shelter, child development centers, adult day care center, legal aid services, non-profit utility provider, community garden sites, retail companies, storage space, photo gallery, artist cooperative, food cooperative, arts and crafts store).

Lastly, 12 organizations reported land conservation as a part of their missions. Ranging from .5 to 16,035 acres, these organizations steward a total of 17,431.5 acres of land in urban and rural environments.

Resale-Restricted Home ownership Units

The 3,669 resale-restricted home ownership units accounted for 38% of the units in the sample's organizational portfolios. As Table 3 illustrates, during 2010 more resale-restricted home ownership units were added to these organization's portfolios than any other type of housing. Notably, 30 organizations had yet to sell a resale-restricted unit because they were new, start-up CLTs. However, seven had developed a total of 89 resale-restricted home ownership units during 2010 (range for start-up CLTs = 1-25 units).

One organization, Champlain Housing Trust, accounts for 13.30% of the resale-restricted home ownership units (n=488). In total, four organizations had more than 200 resale-restricted home ownership units in their portfolios, accounting for 31.21% of these units in the sample (n=1,142). An additional six organizations had more than 100 resale-restricted home ownership units (n=817). Cumulatively these ten organizations account for 56.48% of the resale-restricted home ownership units within the sample. The median number of resale-restricted home ownership units for organizations was 22, while the mean was 47.65. While four organizations did not respond to this question and 30 had yet to sell a resale-restricted unit because they were start-ups, the earliest year a respondent reported selling their first resale-restricted unit was in 1976, while the latest was in 2011 (average= 2001, median= 2003).